

## CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “**Board**”) of U.S. Global Investors, Inc. (“**USGI**”, “**Adviser**” or the “**Company**”) believes that sound corporate governance policies and practices provide an essential foundation to assist the Board in fulfilling its responsibilities. These guidelines are one component of USGI’s governance program.

### **Board Structure**

*Number of Directors* - The Board will normally consist of between three (3) and eleven (11) members, although the Board (pursuant to the Company’s Bylaws) may from time to time change its size to accommodate the Company’s needs. The Board shall be composed of a majority of directors who meet the criteria for independence as defined by the listing requirements of Nasdaq.

### **Director Qualifications**

The Board of Directors believes that individuals who are nominated by the Board to be a director should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the stockholders. The following attributes or qualifications will be considered by the Board in evaluating a person's candidacy for membership on the Board:

*Management and leadership experience* - Relevant experience should include, at a minimum, a past or current leadership role in a public company or recognized privately held entity; a past or current leadership role at a prominent educational institution or senior faculty position in an area of study important or relevant to the Company; a past elected or appointed senior government position; or a past or current senior managerial or advisory position with a highly visible nonprofit organization. Consideration will also be given to relevant experience in the Company’s high priority growth areas; demonstrated experience in major challenges the Company faces or a unique understanding of the Company’s business environment; and experience with exposure to or reputation among a broad subset of the Company’s industry.

*Skilled and diverse background* - All candidates must possess the aptitude or experience to understand fully the legal responsibilities of a director and the governance processes of a public company, as well as the personal qualities to be able to make a substantial active contribution to Board deliberations, including intelligence and wisdom, self-assuredness, interpersonal and communication skills, courage and inquisitiveness. Consideration will also be given to financial management, reporting and control expertise or other experience that would qualify the candidate as a "financial expert" under established standards, and investing strategies and methodologies.

*Integrity and professionalism* - The following are essential characteristics for each Board candidate: highest standards of moral and ethical character and personal integrity; independence, objectivity and an intense dedication to serve as a representative of the stockholders; a personal commitment to the Company’s principles and values; and impeccable corporate governance credentials.

Further, each candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of Board membership and should have sufficient years available for service to make a significant contribution to the Company over time.

## **Selection and Nomination Process**

Whenever a vacancy occurs on the Board of Directors, the Board is responsible for identifying one or more candidates to fill that vacancy, investigating each candidate, and evaluating his or her suitability for service on the Board. In addition, the Board is responsible for recommending nominees for election or reelection to the Board at each annual meeting of stockholders.

The Board is authorized to use any methods it deems appropriate for identifying candidates for Board membership, including recommendations from current Board members and recommendations from stockholders. The Board may engage outside search firms to identify suitable candidates.

The Board is also authorized to engage in whatever investigation and evaluation processes it deems appropriate, including a thorough review of the candidate's background, characteristics, qualities and qualifications and personal interviews with the Board as a whole, one or more members of the Board or one or more other Board members.

In formulating its recommendation, the Board will consider not only the findings and conclusions of its investigation and evaluation process, but also the current composition of the Board; the attributes and qualifications of serving Board members; additional attributes, capabilities or qualifications that should be represented on the Board; and whether the candidate could provide those additional attributes, capabilities or qualifications. The Board will not recommend any candidate unless that candidate has indicated a willingness to serve as a director and has agreed to comply, if elected, with the expectations and requirements of Board service.

In considering whether to recommend directors who are eligible to stand for re-election, the Board may consider a variety of factors, including a director's contributions to the Board and ability to continue to contribute productively, attendance at Board and committee meetings, as well as whether the director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service, the independence of the director and the nature and extent of the director's non-USGI activities.

## **Retirement/Resignation**

Management directors are expected to submit a letter of resignation at the time of retirement from active employment with the Company, or when resigning from a top management position in the Company. At the discretion of the Board, such former officer may be asked to continue as a Board member. Non-management directors are expected to submit a proposed letter of resignation under the following circumstances: (a) whenever the health or physical condition of a director would prevent him or her from satisfactorily fulfilling the responsibilities of the position; and (b) whenever the non-management director's affiliation with another entity creates an interlocking directorate or other potential conflict with this Company's business. In the event that the proposed letter of resignation is not accepted, the director's tenure will continue.

## **Term Limits**

The Board does not believe that it should establish term limits. While term limits could help to assure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contributions of directors who have been able to develop, over a period of years, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

## **Director Responsibilities**

Each director is expected to devote the necessary time and attention to fulfill the obligations of a director and is expected to attend Board and Committee meetings whenever possible. Directors are expected to represent all of the stockholders effectively through the (a) prudent exercise of judgment; (b) fair balance of interests of constituencies; and (c) appropriate stewardship of Company resources. As a group, directors are expected to set the appropriate policy for the Company, and to bring to the Board broad experience in business matters and a diversity of experience.

## **Committees of the Board**

The Board shall have an Audit Committee, Compensation Committee, and such other committees as the Board may determine from time to time. Members of the Audit Committee and Compensation Committee all meet the “independence” requirements of the Nasdaq listing requirements. In addition, members of the Audit Committee shall meet any heightened “independence” requirements established by applicable law, and at least one member of the Audit Committee shall satisfy the definition of an “audit committee financial expert” in accordance with rules adopted by the Securities and Exchange Commission. The Board, in consultation with the Chief Executive Officer (“**CEO**”) and the Board and in compliance with applicable regulations, will determine the responsibilities and membership of its committees. The committee chairperson, in consultation with committee members, will determine the frequency and length of the meetings of the committee, in accordance with applicable regulations and committee charters.

*Committee Evaluation* - Each committee shall conduct an annual evaluation of its effectiveness. The independent directors will meet in executive session to discuss these assessments. The purpose of these evaluations is to increase the effectiveness of each committee. The Board shall be responsible for establishing the evaluation criteria and implementing the process for such evaluations.

## **Board Functions**

*Approval of Long-Term Plans and Goals* - Each year the Board will review and approve, as appropriate, the Company’s long-term plans and goals. The Board will regularly monitor the Company’s performance with respect to these plans and goals.

*Chief Executive Officer Evaluation* - The Compensation Committee will evaluate the performance of the CEO at least annually and report such evaluation to the Board. The evaluation will be based on objective criteria, which shall include, among other factors, corporate and individual performance, including the Company’s financial performance; the accomplishment of short-term and long-term strategic goals and objectives; and any other factors established by the Compensation Committee.

*Management Succession* - The Board, based upon recommendations by the Compensation Committee, shall periodically review with the CEO a management succession and development plan. There should be available, on a continual basis, the CEO’s recommendation as to his/her successor should he/she die or become disabled.

*Executive Compensation* - The Compensation Committee shall be responsible for the establishment of compensation policies, and the approval of the compensation of the Company’s executive officers.

*Director Compensation* - The Board will periodically review director compensation (including additional compensation to members and chairpersons of committees) to ensure that it is reasonable and competitive with companies that are similarly situated. Particular attention will be paid to structuring Board

compensation in a manner aligned with stockholder interests. Management directors shall receive no additional compensation for Board service.

*Board Interaction with Institutional Investors, Stockholders, the Press, Customers, etc.* - The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members will speak for the Company only with the knowledge of management and, in most instances, at the request of management. Stockholders and other interested parties may confidentially contact non-management members of the Board by sending written correspondence to the director to the following address:

\_\_\_\_\_, Director

c/o Chief Financial Officer  
U.S. Global Investors, Inc.  
7900 Callaghan Road  
San Antonio, Texas 78229

The Chief Financial Officer (“*CFO*”) will forward the correspondence to the appropriate Board member or members.

All Board members should attend the Company’s annual stockholders meetings and make themselves available to address any matters properly brought before the meetings.

### **Director Orientation and Continuing Education**

The Board will ensure that newly elected Board members are provided with director orientation in order to (a) become better acquainted with the way the Board functions, (b) meet with members of management, and (c) gain useful information regarding the Company and its operations. The Board, in consultation with the CEO, will provide for continuing education opportunities for Board members to become more knowledgeable about specific areas of importance to the Company’s operations.

### **Board Operations**

*Number of Board Meetings* - The Board will meet as frequently as needed for the directors to discharge properly their responsibilities. Regular meetings of the Board are held four times per year and special meetings are held as necessary.

*Conduct of Meetings* - Board and Committee meetings will be conducted in a manner that ensures open communication, meaningful participation and timely resolution of issues.

*Agenda for Board and Committee Meetings* - The Chairman of the Board will propose an agenda for each board meeting. Each Board member is free to suggest the inclusion of items on the agenda. With respect to committees of the Board, the chairperson of such committee, in consultation with committee members and appropriate members of management, will develop the Committee’s agenda for applicable meetings.

*Materials Distributed in Advance of Meetings* - It is the sense of the Board that information and data that are important to the Board’s or a committee’s understanding of a meeting should, when practical, be distributed in writing to members of the Board or a committee in advance of the applicable meeting. Each director is expected to thoroughly review such materials prior to a Board or committee meeting, provided sufficient time is provided for such review.

*Executive Sessions* - The Board will hold executive sessions at least twice a year without the CEO or any other management directors; provided, that if such non-management directors include directors who are not “independent” under the rules of the Nasdaq, then at least once each year an executive session will be held that only includes independent directors. The Chairperson of the Audit Committee shall preside over all such executive sessions.

*Director Interaction with Senior Management* - Board members shall have complete access to the Company’s senior management. Board members should exercise reasonable judgment when contacting management to avoid creating unnecessary distractions from the Company’s business operations.

*Access to Independent Advisors* - The Board and each committee shall have full access to independent legal, accounting, financial and other advisors, as it deems necessary or appropriate to assist the Board or respective committee in the conduct of its duties.

